

## SBA Welcomes Acting Administrator Sandy K. Baruah

Baruah, who is pending Senate confirmation as SBA Administrator, is Assistant Secretary for Economic Development at the Department of Commerce.

"I'm honored to be named SBA's Acting Administrator by the President," Baruah said. "I look forward to working with Deputy Administrator Jovita Carranza, who has ably carried on the agency's work with SBA's great team of professional staff. I intend to help SBA carry on its mission as it navigates the height of hurricane season and deals with the current economic challenges and tightening credit opportunities for small business."

"I'm also committed to continuing former SBA Administrator Steve Preston's reform agenda and seeing its improvements through," Baruah added. "SBA's customers and employees deserve an agency that is efficient, effective and customer friendly in fulfilling its important mission." ♦

## SBA Lending Continues to Serve All Areas of the State

**By: Michael Gallagher**

North Dakota District Office

Although SBA's fiscal year has not yet ended—September 30th is the end date—the North Dakota District Office has been able to meet lending goals in an often tenuous business climate. As of August 8, 2008, SBA has approved 244 loans with a total value of \$56.4 million, in North Dakota.

With the exception of disaster assistance, all SBA loans require a participating lender. Forty-seven different financial institutions (banks and credit unions) participated with SBA during the current fiscal year. 7(a) loans offered under the traditional program, Express products and lines of credit accounted for 86% of the total number of loans and 71% of the total dollars of all loans.

The two CDCs, Dakota Certified Development Company and Lake Agassiz Certified Development Company produced a total of 35 loans with a value of over \$16 million.

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SBA reaches to all areas of the state with business from 53 different communities adding 842 new jobs and retaining 1,520 employees. Eighty-six new businesses were started and 158 existing business were provided with capital for operations, expansion and growth. SBA loans ranged from the smallest at \$3,800 and the largest at \$2 million.

Lenders and borrowers find the Express programs the easiest and most convenient to use as demonstrated by

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the fact that 138 loans were approved using Express, Community Express and Patriot Express loan products. Rural Lenders Advantage (RLA), which was introduced later in the fiscal year has had significant acceptance with 27 loans approved in North Dakota under the RLA program.

From the financing of seasonal lines of credit to building new facilities to meeting the working capital needs of small business owners, SBA products are used to meet the needs of new and existing businesses. Through financing for export trade and government contracts SBA has helped to build the North Dakota economy and meet the capital needs of its citizens.

During September, SBA will participate with other organizations that provide financing to small business owners in offering a series of programs targeted to lenders and others interested in small business financing. SBA will follow-up with a series of Webinars that will help to increase the awareness and capacity of lenders in meeting the small business lending needs in the state. ♦



#### ASK THE NORTH DAKOTA DISTRICT OFFICE

Q. Because of a recent storm, I am replacing the shingles on my business. What do I have to do to be assured that the contractor is legitimate?

A. Firstly, if you have any other individual or business provide services to you of at least \$600 during the year, you are going to have to prepare an IRS Form 1099-Misc and provide it to the firm at the end of the year. To secure the necessary information i.e. EIN or Social Security Number from this firm you have to have them complete an IRS Form W-9. You can get more information on these forms and your responsibilities at [www.irs.gov](http://www.irs.gov)

If you want to see if a business has a contractor license or is registered in North Dakota, you can do a records search at the Secretary of State's Web site at [www.nd.gov/sos/businessserv/](http://www.nd.gov/sos/businessserv/).

## MicroLoan Program Provides Needed Capital Through Non-Traditional Lending

**By: Michael Gallagher**

North Dakota District Office

Traditionally, most small business start, expand or grow through capital provided by personal resources or loans from financial institutions. These loans may be provided directly by the bank or through a guarantee or some other feature provided by a state or federal agency.

In addition to the traditional SBA guarantee programs, SBA has been providing financing for many years through an intermediary rather than a bank via what is known as the MicroLoan program. The MicroLoan program provides short term financing for loans under \$35,000.

There are two intermediaries in North Dakota with Lake Agassiz Regional Development Corporation providing the bulk of the MicroLoans. So far this fiscal year, October 1, 2007 through August 18, 2008, Lake Agassiz has approved 27 MicroLoans with a total value of \$254,230. That is an average of \$9,416 per loan.

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*SBA's MicroLoan program provides short-term financing for loans under \$35,000. Loan proceeds can be used for working capital, equipment, inventory and other short-term needs.*

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Loan maturities averaged slightly less than 5 years with the average interest rate at 6.59%. These loans created 23 jobs and retained 55 with 17 loans going to existing businesses and 10 going to start-up businesses. Nineteen of the 27 loans were made to businesses in rural areas, helping to strengthen our rural economy and provide employment opportunities.

Loan proceeds can be used for working capital, equipment, inventory and other short term needs. 23 loans provided for the needed working capital in the businesses receiving the funding.

For more information on the MicroLoan program, contact Lake Agassiz Regional Development Corporation at 701-235-1197. ♦

## **SBA Surety Bond Guarantee Program Provides Needed Bonding for Construction Firms**

**By: Michael Gallagher**

North Dakota District Office

Much like SBA's Loan Guarantee program provides needed financing for small businesses, the SBA Surety Bond Guarantee program assists firms in getting needed financing for construction projects by strengthening their bonding ability.

Businesses in Wilton, Belcourt, Fargo and other communities have been able to secure bonding through bonding agencies such as Construction Capital, Inc., and Thomas Sauer Bond Agency, providing 9 bonds on \$2.2 million dollars of contracts.

Those interested in more information on the SBA Bond Guarantee program should contact their local surety company or the SBA Area Office in Denver Colorado at 303-844-2607. Additional information can also be obtained on the SBA Web Site at [www.sba.gov/services/financialassistance/suretybond](http://www.sba.gov/services/financialassistance/suretybond). ♦



### **SBA AROUND THE STATE**

District Director Jim Stai and Business Development Specialists Nadine Phillips and Fay Behm attended the Governor's Rural Community Summit in Bismarck on August 26th and 27th. The Summit provided an opportunity to network with economic development professionals from all areas of the state.

Business Development Specialist Tom Linnertz attended Installation Acquisition Transformation meetings at the Minot and Grand Forks Air Force Bases on August 27th and 28th. Contracting activities are going to be consolidated in St. Louis by 2010 with limited contract support at the local level. Linnertz participated to learn the impact on 8(a) firms small businesses that currently work with the State's Air Force Bases.

## **SBA Partners on Lending Conference Enhancing Lenders Capacity to Meet Community Needs**

Small business lending is a dynamic environment. Program change, staff changes locations, lenders merge with new lending institutions popping up everyday. Small business lending is also a mix of traditional lending products as well as enhanced products that couple government programs with standard commercial lending products.

Seeing a need to provide up-to-date information and technical assistance to the lending community, the North Dakota District Office of SBA partnered with Bank of North Dakota, USDA-Rural Development, North Dakota Department of Commerce, Dakota Certified Development Corporation and Lake Agassiz Certified Development Corporation to provide a series of training events. Lenders are currently being invited to attend one of six sessions offered in Minot, Williston, Dickinson, Bismarck, Grand Forks and Fargo. Updates on programs as well as specific recommendations on how to use the program to maximize benefit to the borrower will be offered in 3-4 hour sessions.

Coupled with lenders in the state the list of participants is the "Who's Who" of small business lending in North Dakota. In addition to small business lending, many of the programs offer additional economic development programs that can meet the economic development needs of business and communities throughout the state. The ability to ask questions of those who make the decisions and guide the programs adds value to the training experience and establishes a network of contacts that helps to facilitate future projects and financing opportunities.

SBA will offer a series of follow-up training in October and November to increase the skills of lending officers who are on the front line of small business lending in their communities. Experienced lenders will have the opportunity to enhance their skills and share their knowledge and new lenders will expand their skill set in

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the small business lending environment. Local banks and credit unions are the backbone of the community financing infrastructure. SBA's assistance will help to strengthen the lending community's ability to meet their community and businesses needs.

Program dates and times are:

Tuesday, September 16th, 8:00am – 11:00am North Dakota Heritage Center, Bismarck

Tuesday, September 16th, 2:00pm – 5:00pm Strom Center DSU, Dickinson

Wednesday, September 17th, 8:00am – 11:00am Old Armory of the Arts, Williston

Wednesday, September 17th, 2:00pm – 5:00pm Holiday Inn Riverside, Minot

Tuesday, September 23rd, 10:00am – 2:00pm Center for Innovation, Grand Forks

Wednesday, September 24th, 10:00am – 2:00pm, Alumni Center NDSU, Fargo

For more information, contact Corey Cavett at the SBA 701-239-5131 or [cory.cavett@sba.gov](mailto:cory.cavett@sba.gov). ♦

### **Did You Know?**

We are never sure if we can believe all we read in the Wikipedia, but according to Wikipedia the free on-line encyclopedia, “ Most North Dakotans are of Northern European descent. The five largest ancestry groups in North Dakota are: German (43.9%), Norwegian (30.1%), Irish (7.7%), Native American (5%), Swedish (5%).”

## **CALENDAR OF EVENTS**

### **WHAT DOES IT TAKE TO BE A LEADER IN SMALL BUSINESS? - SEPTEMBER 10, 2008**

LODOEN COMMUNITY CENTER, 109 3RD STREET EAST, WEST FARGO, ND

11:30AM—1:00PM

CONTACT: WEST FARGO CHAMBER, 701-282-4444

Your business cannot become what you visualize it to be unless you can guide your team with strong leadership. Leadership has many different styles and attributes, but there are fundamental basics that owners and managers can use to bring their team together to achieve short-and long-term goals.

### **STARTING YOUR OWN BUSINESS WORKSHOP— SEPTEMBER 10 & 11, 2008**

MINNESOTA STATE COMMUNITY & TECHNICAL COLLEGE, 1900 28TH AVENUE SOUTH, MOORHEAD, MN

7:00PM—10:00PM

CONTACT: FARGO SCORE, 701-239-5677

Any individual who has responsibility for developing parts or all of a business plan including marketing, staffing, financing, and other areas of small business management will benefit from attending this workshop. Cost is \$30 in advance or \$35 at the door.

*All of SBA's programs and services are provided to the public on a nondiscriminatory basis.*

### **U.S. Small Business Administration** North Dakota District Office

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